

In the past, second mortgages were associated with high rates and restrictive terms. Only those really in debt need a second mortgage – right? **Not necessarily.**

# A Second Mortgage

Take another look, it could be the answer you're looking for

There are certain market forces that have created renewed interest in second mortgages and are encouraging some homeowners to take another look. Consider homeowners who plan to move to a newer or larger house and need a bigger mortgage. As they move to their new home, they may want to port their first mortgage because it's at a great rate. A second mortgage may be the ideal product that allows them to save that rate.

## Let's also consider the **FIRST-TIME**

**HOMEBUYER.** Many first-time buyers need more than the 80% of the home's value they can get from a conventional first mortgage. The typical route they take is a high ratio mortgage in which the mortgage insurance premiums are amortized over the life of the mortgage, even if they are able to pay off the amount over 80% quicker, or the value of their home rises significantly over that 80% loan to value ratio. They may be better off choosing a conventional mortgage, while securing a second mortgage to cover the additional financing that can then be paid off as quickly as they want.

**DEBT CONSOLIDATION** is becoming an increasingly common reason for Canadians to look at second mortgages. Household debt is increasing, sometimes growing faster than personal income. The self-employed

with escalating tax liabilities and heavy credit card users are potential candidates for a consolidation product like a second mortgage. And with student loans on the rise, some Canadians want to be able to help their children while they are still in school so they don't have to be burdened with large student loans upon graduation.

## How about **HOME IMPROVEMENTS**,

making investments or any other reason homeowners want to access some of the equity in their homes? With a more competitive lending landscape taking shape in Canada, homeowners are able to get a variable rate second mortgage product to meet their needs at very competitive rates and terms. They can bypass mortgage insurance and use a first and second mortgage combination based on lending ratios that will make it easier for them to qualify for the mortgage they want.

*Whatever the reason, a second mortgage may be the solution for more Canadian homeowners to realize their goals simply and affordably.*

**For more information, contact your local Mortgage Intelligence agent today!**



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